

SPECIAL COUNCIL MEETING

JUNE 19, 2013

The Special Council Meeting of the Council of the County of Kaua'i was called to order by the Council Chair Jay Furfaro at the Council Chambers, 4396 Rice Street, Room 201, Līhu'e, Kaua'i, on Wednesday, June 19, 2013 at 9:03 a.m., after which the following members answered the call of the roll:

Honorable Tim Bynum
Honorable Gary L. Hooser
Honorable Ross Kagawa
Honorable Nadine K. Nakamura
Honorable JoAnn A. Yukimura
Honorable Jay Furfaro

Excused: Honorable Mel Rapozo

APPROVAL OF AGENDA.

Ms. Nakamura moved for approval of the agenda as circulated, seconded by Mr. Bynum, and unanimously carried.

Chair Furfaro: I would like to start with item number 2, the Kaua'i Historic Preservation Review Commission because the candidate Kalei Lovell Arinaga is in fact on a very tight schedule today. Althea, can I ask you to come up please? While I am doing that, I want to share with you folks, it has been very difficult for us to find on Kaua'i, a resident of Kaua'i both for either Archaeology and/or Architecture but the field is broad enough that it allows for different disciplines to fill in as long as other candidates in Archaeology and Architecture are not available within the County of Kaua'i. The requirements may be substituted with the historical skills in Hawaiian history and culture as a professional substitute for this particular Commission to the extent that the professional is a resident in the County of Kaua'i. Althea Arinaga is in fact a Hawaiian language emerging instructor. She has both a BA and MA from the University of Hawai'i. She has the ability to communicate, read, write, and speak Hawaiian. She also helped us name, at the request of Fire Chief Robert Westerman the Kaiākea Fire Station. She also is the lead person dealing with the Keālia historical preservation and presentation on behalf of the Kaua'i Historical Society. She is currently compiling historical documentation including a photo collection for the Anahola – Moloa'a area from 1850 to date. In 2011, she was the Kaua'i District Teacher of the Year has also done a number of Pohaku Presentation Programs on the Na Pali Coast at Nulolokai working with (inaudible). I think she certainly meets the alternative criteria for the position. Welcome.

We also have her application and on that note, welcome, I will let you have your three (3) minutes to tell us about yourself and then I will open for questions with members.

INTERVIEWS:

KAUA'I HISTORIC PRESERVATION REVIEW COMMISSION:

• **Althea Kalei Lovell Arinaga (Archaeology) – Term ending 12/31/2015**

Ms. Arinaga: Aloha and good morning to all. My name is Althea Kalei Lovell Arinaga and putting things into perspective I am married to Clayton Arinaga who is retired from the County of Kaua'i after thirty-two (32) years of devoted services in the Kaua'i Police Department. We have two (2) daughters, and we share four (4) dogs and two (2) cats.

I live in Keālia, physically, but my roots are grounded throughout this island of Kaua'i. Just to give you some prospective of what I mean, my father's three times grandfather came from California to the island of Hawai'i as one of the first Paniolo. His name was Miguel Castro and in 1893 was ordered by King Kamehameha III to come to Kaua'i and here he came and was the first Paniolo to arrive on Kaua'i. My father's mother comes from a long line of families in Nāwiliwili – the Lovell family. We have spread ourselves pretty thin here on the island. My late mother's family which came from Germany, her great, great, great-grandfather William **Brady** was one of the co-founders of Kekaha Sugar Plantation so our roots extend to the Westside as well.

On the Arinaga side, my husband's grandmother arrived here via steamship as a child with her family to work on the sugar plantations. So, we have the Lovell side of our family and the Arinaga side with many rich, rich histories. Many of these histories are all either evidenced from documentation or oral history.

I am a graduate of the University of Hawai'i. My Bachelor degree is in Elementary Education but my focus is the Hawaiian language. As a skill, I am able to read, write, speak, and translate the Hawaiian language. It is through these skills that have helped me to know where my roots are, and who I am/where I am. My Masters from the University of Hawai'i, was place based education which means getting thickened to a place and finding out who the people are that lived here and what they do. It is through these skills that I have brought them back into the classroom and have taught students values of tradition, values of places names versus slangs such as "King Kong." Well, I am sorry it is not "King Kong," it is **Kalalea** Mountain. I think if more people had a sensitive, not sensitive but if you had the passion to really make it meaningful and take it out into the community and give people a sense of who we are and a sense of where they lived, we would definitely have a resource full of our Hawai'i and Kaua'i's treasures. I can go on and on and on if you want me to...

I would like to contribute and make a difference to this County of Kaua'i. I am definitely not going anywhere. I am a lifelong resident. I did go away to school but gradually made my way back to Kaua'i. Currently, I do work with the Bishop Museum and it is very rewarding to learn more about where we live and who the people are that have lived in these places. I think most of all is preserving the stories that are so important. You know when I grew up in Anahola with my dad Jose Lovell, who is a long time fisherman like Uncle Henry Gomes. You know when you are young these stories they do not mean anything and you say, "okay, there goes grandpa again saying the same things over and over again." It is when you have reached a nice age where now these stories really matter to you. We wish... I did... I know it was important, I videotaped my dad and have all the stories and I always walked around with a paper and pencil and I was like "what did you say dad?" He was like, "put that away, you need to remember them." That is one of the skills that many of our school kids or even adults have lost which is the ability to

retain oral histories. Hopefully, it is never too late to capture these oral histories that are still out there so through the work with the Kaua'i Historical Society, we interviewed and have a record of oral histories of Kapa'a, Keālia, especially this sugar plantation eras and Anahola. We are still moving forward and just trying to accumulate and having them available for just anyone – making them public.

Chair Furfaro: Thank you very much, Althea. I think your comments are very well taken and knowing that you are a descendent of the Paniolo Castro, a lot of people do not realize between the Castro, Fernandes, Gomes and Hernandes – they were all some of the original cowboys that came at the request of the King. Certainly, Castro was in particularly Queen Kapule's cowboy and he ran the area in Wailua and Anahola as well. The sense of place story that you share was one that people are kama'āina to certain areas for example between Auntie Kapeka and Grandpa Henry Gomes. Place names are important for people realizing places like Kaiapu in Kahiliwai, it means "the water that snatches," referencing the tidal wave as it bounces up against the side of the *pali* or *Kauapea* as a "check point," because that is where the *mokupuni* of Na Pali, Hanalei divide from the *Koolau*. These are place names that are very important to share and certainly important to the Preservation Review Commission for which you are a candidate, so I am delighted that you have stepped forward. Members, do you have questions?

Mr. Bynum: Good morning. I just want to thank you for stepping up and when I saw your name here, I said what a perfect match in my mind. I know of your passion, I was really moved by the work at Keālia – you did a video right, of the residence remembrances of the plantation camps in Keālia? I was really moved by that and I appreciate that work.

Ms. Arinaga: Thank you.

Mr. Bynum: Thank you for stepping up. I know you are going to make an outstanding member of this Commission. Thank you.

Ms. Yukimura: Thank you, Kalei. First of all, I would like you to go on and on because it is so interesting.

Ms. Arinaga: I could.

Ms. Yukimura: I love that you gave your genealogy in English so we could understand it but it is quite impressive to know the roots that you have here on the island and your ties to the history and how you are continuing to promote and protect those stories. I have known you for many years but I am embarrassed to say that I did not know your extensive background. Just in how you spoke – how you gave your presentation today, it is a perfect match as Councilmember Bynum says.

Ms. Arinaga: Thank you. It is something that is very passionate from me. A lot of the work that I have done has been on my own time and it does not matter, you know, if I am... someone is asking me, for example, with Kaiākea... I would pass it when it was being constructed, the big sign would say "the home of Keālia Fire Station." I would not spend too much time... I did not spend too much time worrying about it but it often would come back to me like "why is this Keālia Fire Station, it is not in Keālia." People would then come and ask me, "what is up with the County and I am like... calm down." For me, talking is so cheap and so I spent several months, I interviewed people from the area, I went to

Honolulu to look at maps, I went to translate documents, but I did not realize that the person who knew about Kaiākea was my dad and he said “what are you doing?” I said “I want people to not lose the sense of place, I want people to be very sensitive when naming a place.” He said, “come here, get out your paper and your pencil and he told me that as a child and he has not opened up to anyone because it was in the 1930s and tuberculosis had spread throughout the island of Kaua‘i and both his parents lived in Kaiākea. He said, “if you want to know about Kaiākea, I am going to tell you.” It was just put in all that evidenced documentation into perspective and then I called Chief Westerman and I said “hey, you know, could we think about this.” I was so pleased that Chief Westerman was so sensitive about naming Kaiākea and the Fire Station fits its purpose because Kaiākea, the preventorium was especially made for people who were suffering from tuberculosis. They even had a section for families and children to live there, so for me it was just awesome for the first station to be because their goal was to help and save. It was a good feeling. When I do these research, as I said anyone can talk and anyone can say this but it is having that evidence and documentation – that is important for me.

Ms. Yukimura: I can see that by using the name on a modern facility, you are tying the present to the past in a wonderful way.

Ms. Arinaga: Yes, it is.

Ms. Yukimura: The Chair’s example of Kauapea Beach and how it is called “Secret Beach,” it is such a shallow description compared to what the Hawaiian name is.

Ms. Arinaga: It is.

Ms. Yukimura: Thank you very much.

Ms. Arinaga: You are very welcome.

Mr. Kagawa: Thank you, Althea. You are an example of the Boards and Commissions Office bringing to us some stellar people to serve and with your background in education, family history, and all your experiences – your husband was an awesome officer and very humble man and I cannot think of a shoe that fits better. I thank you and will be supporting your appointment.

Ms. Arinaga: Thank you.

Ms. Nakamura: This is more of a comment because Kalei was my son’s 4th grade teacher at Kapa‘a Elementary.

Ms. Arinaga: And Casey.

Ms. Nakamura: Yes. Kalei is really not a talker, she is a doer. She was well deserved of the Teacher of the Year award for Kaua‘i and I was happy to be a part of that process. I have known Kalei just from the teaching side, she taught a lot of the Dolphins after school programs and has exposed my kids to special places and they learned about Kokee, Anahola Beach – just by going out there learning and experiencing and applying their skills to what they were seeing. I just think that Kalei is on the cutting edge of teaching and instructions – a total professional in her work and to be able to bring all of that experience and passion to

this Commission is going to be great for the County. Thank you for being open to this new experience.

Mr. Hooser: Thank you for being willing to serve, number one, and I will echo what Councilmember Yukimura said, I think that we have known each other for many years, our circles have crossed over time and...

Ms. Arinaga: Yes, and our daughters went to Japan together for the Rotary Club.

Mr. Hooser: That is right. This morning I feel like my knowledge of you and who you are has been increased a hundred fold. Again, I knew you were a nice person and I knew that you done a lot of good things in the community but the depth of historical resources, community resources, Hawaiian resources is phenomenal and I feel that I have been enriched this morning by the discussion. Thank you very much.

Ms. Nakamura: One more thing that I wanted to add is that, May Day was not going to really happen at Kapa'a Elementary at one point and really without Kalei taking the lead and spearheading that, we have this beautiful gift from the kids to the community and their parents. Thank you, Kalei for also doing that.

Chair Furfaro: Anymore? Althea, I would like to give you a publication that I gave to all the Councilmembers awhile back. This is because people are Kama'aina to a certain part of the island, this is what we call "Project Punahele." This is a collection of place names from Grandpa Gomes, Auntie *Kapeka Chandler*, and yes, Uncle *Buddy Lumbo* who I used to hang around with down at 'Anini Beach but I want to share this with you so that you could have it as well. To the surfers that are watching this program, Pine Trees is really called *Mahamuko*. I would love to share this with you.

Ms. Arinaga: Thank you.

Chair Furfaro: I think we are feeling comfortable with this interview and we will be voting on your appointment later but thank you very much for stepping forward.

Ms. Arinaga: Thank you so much for having me here and I look forward to hearing from you. Thank you.

Chair Furfaro: Your selection was also acknowledged by Danita Aiu from the State Office, so thank you very much. Clerk, we have a second interview for today?

BOARD OF WATER SUPPLY:

- **Hugh A. Strom** – Term ending 12/31/2015

Chair Furfaro: Hugh, thank you very much first for putting your name forward. On that note, I would like to give you a moment to introduce yourself and tell us a little bit about your potential for the Water Board and a little bit about yourself. Go right ahead.

Mr. Strom: I am also a Kapa'a boy.

Chair Furfaro: Right on.

Mr. Strom: I went to Kapa'a High School, but we did not have Hawaiian language back then... so, I am a resident of Kaua'i for probably better than fifty (50) years. I left for the military and retired as an Advisor to the Hawai'i Air National Guard many years ago before taking on a position with Aqua Engineers of which I currently serve at. I am the Senior Vice President for Aqua Engineers. Currently, our company is the largest private utility company in the State of Hawai'i providing services both in wastewater and soon to be some energy projects that we are working on. Why am I here? I think I am here because I listened to an individual many years ago and I think most of you know him, Mike Furukawa, and I could not figure out how he had so much extra time to give to the community when he was always so busy. One night I passed his office on my way home from the airport 7:00, 8:00 at night and his lights would still be on. I always asked him that he needed to teach me how we can make time for work as well as community services. I think why I am volunteering for this position is that I believe I bring a value or can bring a value to the Board of Water Supply. It is something that I spent many years learning. I spent probably twenty-three (23) years in the utility business at this point. I look forward to bringing some value to the Department of Water and now it is my time to give back.

Chair Furfaro: I do want to disclose to the group that in my thirteen (13) years of being the General Manager at the Hilton, Outrigger, and Radisson and then my return to the Hilton, I have worked with you on the wastewater treatment facility there were self contained water system there for wastewater and I found your collaboration and consulting work to be excellent work. I just wanted to say that.

Mr. Hooser: Thank you for being willing to serve. So, you are Vice President for Aqua Engineers which is a private utility essentially?

Mr. Strom: Correct.

Mr. Hooser: And you will be serving out of a public utility?

Mr. Strom: Correct.

Mr. Hooser: Is there any situation where that would be a conflict?

Mr. Strom: I think there is potential for conflict in anybody's paths that cross. I think there has to be some sense of judgment if you are to recuse yourself of such. Is there any immediate conflicts, I do not believe so, to the point where I requested an interview with the Board of Ethics and asked for them to give me an Advisory Judgment if you will, and they voted in favor.

Mr. Hooser: The thought just came to mind. I do not know what it would look like...

Mr. Strom: I do not think we do at this point, but I think you are right, there are potentials and we will have to be able to recognize it both

individually as well as the other members of the Board. We work as a team and not as individuals. Should there ever be a time where I am not able to see the vote potential, I would respect their opinions as well.

Mr. Hooser: Thank you for being sensitive and aware to the topic.

Mr. Strom: I understand.

Mr. Bynum: Good morning, thank you for being here, and thank you for your willingness to serve. Thanks for mentioning Mike Furukawa this morning – a good role model for a lot of people. I am going to ask a series of questions and I want to say right up front that some of this is directed at the Mayor, not you, because I am sure you are going to add tons to the Board of Water Supply and I do not see any reason why I would not support your nomination. I want to repeat to the Mayor that it is important to have a consumer advocate on this Water Board and it is important to have a balance of men and women on all of our Boards. I assume everyone on the list is also a consumer – pays a water bill. That is an important prospective for the Water Board and from what I have seen and this is not necessarily a complaint because all of the individuals have been outstanding and their contribution to the Water Board is apparent, as is yours with your technical background and your knowledge base, that is going to be great for us. There is also a value of having just the consumer view point that does not have all that technical expertise and all of those connections in the development community and in the commercial community - you know there is a value to that. Do you agree with that?

Mr. Strom: I believe that comes via the Consumer Advocates (CA) and whenever we go in and look for rate increases they become sounding boards on the private sector, we have a lot of interface with the CA.

Mr. Bynum: One of the issues that I have been watching at the Water Board for a long time is the issue of the hookup fees and who pays those fees and what they are. Are you familiar with that issue and can you describe it generally?

Mr. Strom: I am not intimately familiar with how they came up with the numbers, but they are increasing and there should be some justification. More and more, probably towards achieving the 2020 goal, I have a lot to read up on, but it needs to be... any decision such as this needs to be scrutinized in the favor of the public and to take a look at to make sure that we are making the best decisions to provide safe and reliable water and not just to build a reserve fund, if you will. The cost should be passed on to actually, if it is a development, then that should be a developer's cost and not the community's cost, but that is my opinion at this point, again, not reading up on all of the history and rationale.

Mr. Bynum: I admit to not having been caught up on every issue, but I know this was a critical decision before the Water Board recently, I do not know if it has been made yet or not, but the issue for me, and I need to take a look at the public record – you will see that there is this history where consultants come in, the County hires Water Board (inaudible) consultants who recommends large increases in those hookup fees at the... I forgot the proper term for... because if not, there is a concern that the current rate payers are subsidizing new development. If you keep those fees low, the beneficiary is not making the payment,

current customers are making the payment, in essence, subsidizing new development. Now, in the past that was the Council's decision and the Council rejected those recommendations from the Water Department because they did not want to face customers who said "twenty-five thousand (\$25,000) to hookup water," because it is a huge cost, yes, but we are giving you this very large system that is going to service your property indefinitely. It is a very large value too, and so I think that is a real critical issue from a consumers/advocates point of view. Why should current rate payers be subsidizing new development? In essence, if those fees are too low, that is what happens. I encourage you to look at that. That is an issue that I am looking at closely, when the Water Board meets I would encourage you to look at the history of that issue because our fees, in my opinion, have not been focused on the developer's cost. They have been for a long time, subsidized by the current law to rate payers. Again, this is not anything about you personally Hugh, I am sure you will be a great asset to this Board, but if you look at the list it is all of these people with technical expertise and connections, more than the general public would have. There is some concern that you are not going to have that consumer focus. Not you personally, but the Board as a whole because of its make up. I also think it is important that all of our Boards have female members and this will be the second all male Board. I know Paula is listening to my comments and will pass them on to the Mayor, I thank you for your service.

Mr. Kagawa: Hugh, I would like to thank you for being willing to serve. Like Councilmember Hooser, I have some concerns about Aqua, I guess servicing a lot of... being the biggest private company that services sewer. I have a concern that your interest might be to try and help your customers, however, I think you have answered that question that there may be a lot of conflict everywhere if we look for it. What are your main goals going in should you get approved? Is it to try and make the fees more fair for our businesses and residents, hookups or is it to try and help and upgrade the depleting infrastructure of the Water Department?

Mr. Strom: I do not think I come here with a set agenda or hidden agendas, but both yourself and Mr. Bynum are addressing some of the things that we should be concerned about and is happening throughout the State of Hawai'i, it is infrastructure – repairs, replacements... we need to make sure that we can continue to provide safe and reliable water supply so that nobody ever gets a call and tells you that you do not have water at your house or you do not have power. It has to be reasonable, well planned, and budgeted for. You should and not have to spend three to five times the normal amount to do an emergency response to repair the line like they are doing on O'ahu at least once – to five times a day. Ernie Lau who is there, has his challenges. I think that Kaua'i may have, but it is being able to have a set of fresh eyes to take a look at it and not come with an agenda. It is to listen, to learn, and bring to the table experiences. On the private sector, we have to do what is sensible for the clients because the clients pay and sensible rehabs or development, I believe that is something I can help bring to the Board.

Mr. Kagawa: I guess we get a lot of complaints about the Water Department however we have to remind them that we do not have no control over the Water Department and their fees. It is basically the Water Board and the Management. We get to scrutinize Solid Waste, Sewer Department, we get to monitor their overtime and when needed, we help them to look at other options to reduce that overtime. Typically what we hear from the outside, from the public is why do we always just patch when there are continuous leaks that happen in

certain areas. You patch it and few months later we are digging up right next to it and patching again... it is because, I guess it is cast iron and it is... so the better solution if you are a private enterprise would be to dig the whole line out before... instead of just patching as we go. Are you going to bring that kind of recommendations to the Water Board as you look at the overtime that may be high and how can we reduce those things?

Mr. Strom: Effective and efficient management is key to any utility be it private or public or any business. Questions and scrutiny as you are addressing comes because of concerns or lack of knowledge to why we have these failures, why we have to increase rates. I am not saying that we do need to increase rates but we need to look at why and how and are there other ways besides the same old way? Prioritizing repairs, if you have multiple failures in a single area, why not prioritize repairs because you pay for that line probably two times over so move it up. So, having a different view point instead of just combative or reactive is something that we pride ourselves on more of a preventative approach – a proactive approach. I am sure the Department feels that they are doing that but they may not have the exposure or experience in these areas. I think if you talk to the guys in the field, I am sure that they would say “hey, this is the third time but are they being heard, are the managers listening?” We believe in the full spectrum of management. We listen to individuals that are in the field who are most knowledgeable and we bring it to the decision.

Mr. Kagawa: Those are the answers that I really wanted to hear. It is a tough task, I think the Water Board next to the Planning... maybe even more important than the Planning Commission, I think it is two (2) of most high priority Boards/Commission that we have so I thank you for being willing to bring your experience in the private sector. Hopefully that can lead up to more efficient Water Department. Thank you.

Mr. Hooser: As the discussion go on, I have more questions.

Mr. Strom: Sure.

Mr. Hooser: Aqua Engineers is perhaps the largest wastewater/private water utility in the State, is that fair assumption?

Mr. Strom: Correct.

Mr. Hooser: Is Aqua Engineers involved in the surface water issues? Water can be a very controversial, very sensitive topic in terms of where the water goes, who owns the water... Maui, there are lawsuits - stuff like that. Is Aqua Engineering involved in any of these types of issues or projects?

Mr. Strom: I would say projects, not issues. We do and have done work on Waiahi, that was a designed project that we did for Mike and Allan Smith advising both working with the Water Department and the private owners diverting three million gallons a day, or up to three million gallons of surface water treated... and the surface water that would normally hit Hanamā‘ulu Bay a fraction of what was used as irrigation in sugar versus harvesting from the ground. Now, if you say does that make sense, Hugh, and can you support that?” Yes. Because if it means that we bank water for the future, for our children instead of letting it go to the ocean and disposing it out in the ocean if it makes sense then

sure. What a lot of people do not realize is the yield here in the local Līhu'e-Puhi-Hanamā'ulu area of the ground water wells are depleting. So, it made sense to move forward with something like that.

Mr. Hooser: So, Aqua Engineers would play a role as a contractor or a consultant but not as a decision maker in terms of the landowner or the developer would make that determination.

Mr. Strom: For the company itself, we no longer... we are not doing anything like that on Kaua'i. I am working on our old projects both on Lāna'i and West Hawai'i for developers and owners to what makes sense and how to do it efficiently where water is not necessarily readily available like it is here on Kaua'i.

Mr. Bynum: *Waiahi* is the Surface Water Treatment Plant?

Mr. Strom: Correct.

Mr. Bynum: That is currently owned by Grove Farm?

Mr. Strom: Correct.

Mr. Bynum: And operated by Grove Farm?

Mr. Strom: It is operated by Aqua Engineers under contract. We have two (2) operators that operate that facility. We also put together the working agreement or the purchase agreement with the Department of Water to buy or we assisted in purchasing bulk water to make it a win-win situation both for the developer and the Department of Water.

Mr. Bynum: Hugh without going into details, I think that answer makes me more concern about the potential of conflict of interest and your role... you just expressed an opinion that the Surface Water Treatment Plant was a good way to go – that is not the opinion of everyone in the water field. There are issues regarding that Surface Water Treatment Plant that do make me concern with Aqua Engineers as the operator on behalf of Grove Farm. You have a contract with Grove Farm to operate the plant... I am not going to go into details but that does raise the level of concern that you will find situations where you do have a conflict.

Mr. Strom: As I stated earlier that where there is a potential of conflict and I think I know where you are going, I will recuse myself.

Mr. Bynum: Right. Or ask the guidance of our Board of Ethics which is the right thing to do. It is certainly what I do when...

Mr. Strom: I faced the same question at the Board.

Mr. Bynum: Okay.

Mr. Strom: So, thank you for bringing that.

Chair Furfaro: JoAnn, I am going to give you a second round.

Ms. Yukimura: Actually this is my first.

Chair Furfaro: Oh, your first.

Ms. Yukimura: Yes.

Chair Furfaro: Then I should have recognized your earlier, I am sorry.

Ms. Yukimura: That is okay. I know I have a reputation. Anyway, thank you for your willingness to serve. I want to say at the beginning of my questioning that I have always admired Aqua Engineering. I thought it was so progressive to become an employee owned company which you are still, right?

Mr. Strom: A hundred percent (100%) employee owned.

Ms. Yukimura: Yes. That kind of paved the way, I thought, on Kaua'i for modeling an employee owned company and from what I know of your work as a company - excellent work. I think it will give your... you bring us systems, knowledge, and prospective which is what the Water Department is about - systems and a utility on top of that and so I think those are all pluses. Did the Mayor ask you or did you offer your services and applied to be on the Board?

Mr. Strom: I have been offering my services, I would say over the last three (3) years because like everybody else when you come to the end of your careers, you would like to at least be able to give something back.

Ms. Yukimura: And it was not specifically to serve on the Water Board?

Mr. Strom: No. No specifics.

Ms. Yukimura: Okay.

Mr. Strom: I am open to supporting the island.

Ms. Yukimura: Okay.

Mr. Strom: I think the Water Department is a natural fit.

Ms. Yukimura: Yes, I mean as a utility and you certainly have a lot of experience.

Mr. Strom: As far as bringing solutions, that is all I can do is offer solutions to the Board and to the Managers.

Ms. Yukimura: Is Aqua Engineers involved in water systems around the State?

Mr. Strom: Around that State?

Ms. Yukimura:

Yes.

Mr. Strom:

Surely.

Ms. Yukimura:

Okay.

Mr. Strom:
public and State.

We do both potable and reuse, private and

Ms. Yukimura:
potable water supply?

And not just sewage systems but actually

Mr. Strom:

Yes.

Ms. Yukimura:
Kaua'i?

And are you involved in water systems on

Mr. Strom:

Other than County, yes.

Ms. Yukimura:

Yes?

Mr. Strom:

Yes.

Ms. Yukimura:
talking about is Waiahi?

I imagine one of the water systems you are

Mr. Strom:
list.

I was not referring to that but that is on the

Ms. Yukimura:

What other water systems do you deal with?

Mr. Strom:
Department of Hawaiian Homelands in Anahola. We have been there for twenty plus years.

We operate water systems for the

Ms. Yukimura:

Okay.

Mr. Strom:
Natural Resources the water system in *Kokee*, we operate those systems as well.

For the State Department of Land and

Ms. Yukimura:

Okay.

Mr. Strom:

Kahili is another one that we operate.

Ms. Yukimura:
potential of conflict of interest because in *Waiahi* there is an agreement that is arms length between Grove Farm and the Water Department but the interpretation of that agreement has different ramifications for either party. I know that at one point there was the power to buy out the water system from Grove Farm and that would have affected Aqua because you operate the system, right?

Okay. I guess I do have concerns about the

Mr. Strom:

It could.

Ms. Yukimura: That would be a clear conflict of interest in my mind – for you to vote on a contract interpretation or a contract negotiation, a negotiation settlement on the *Waiahi* contract, would you not say that?

Mr. Strom: In contract negotiations, I would recuse myself, I think that is fair.

Ms. Yukimura: You mean in the Board's approval of contract agreement or negotiations, right?

Mr. Strom: The agreement is in place...

Ms. Yukimura: No, no, no... but it would be if you modified or if the Board had a different opinion from Grove Farm on the interpretation of the contract and you had to work that out?

Mr. Strom: I believe the best answer and my position would be that anything to do with that particular project and contract, I would recuse myself. I am aware of the agreement. We worked on that with Mr. Furukawa years ago.

Ms. Yukimura: Right.

Mr. Strom: With the Department and (inaudible) and why it made sense to have the project with the ability to be purchased at (inaudible) date and time.

Ms. Yukimura: I understand though that there are some different interpretations about that agreement as often is, you know, you write it with one intention but years later there are different interpretations.

Mr. Strom: I would imagine that there is, my children interpret things a little different than I do.

Ms. Yukimura: Yes.

Mr. Strom: So, it comes with passing of the agreement to different parties who maybe were not necessarily there. At the end of the day, it needs to be what is best for the community.

Ms. Yukimura: The thing is that when there is conflict of interest it is hard to know what is best for the community if you are having to think about what is best for Grove Farm or what is best for Aqua Engineering.

Mr. Strom: Again, I repeat myself, anything to do with *Waiahi*, I would recuse myself.

Ms. Yukimura: Would you recuse yourself from anything to do with Grove Farm?

Mr. Strom: No.

Ms. Yukimura: Because you have contracts with Grove Farm, do you not?

Mr. Strom: We have the Waiahi contract with Grove Farm.

Ms. Yukimura: Is that all the work you do for Grove Farm?

Mr. Strom: No. We operate and maintain the facility – the wastewater facility known as Lihu'e-Puhi.

Ms. Yukimura: Okay, so, you would want to stay in good graces with Grove Farm, right?

Mr. Strom: I think that trying to do the right things are more important than do the more favorable thing. You guys do it every single day when you are facing different petitions in front of you. It is a tough job. Now, would I recuse myself from everything Grove Farm, I am not saying... I would say anything to do with water, yes.

Ms. Yukimura: Well it would probably have to do with water if it is with the Water Department.

Mr. Strom: Again, I would recuse myself anything to do with Grove Farm and Waiahi.

Ms. Yukimura: Okay.

Mr. Strom: And it is just one facet of many on the South.

Ms. Yukimura: But if there are other clients you have that are before the Water Department for permits and so forth, that might be a conflict of interest too, right?

Mr. Strom: For example, please.

Ms. Yukimura: Well, it is the same thing about Grove Farm that you would want to stay in good relationship with your client, so if it was A&B or even the Shopping Center or... you operate Princeville Corporation?

Mr. Strom: No we do not.

Ms. Yukimura: No, that is right. It was internally done, right?

Chair Furfaro: Princeville water system and wastewater is done internally and it is the redundancy from Hanalei Town and it is the redundancy from 'Anini as well, not part of the Water Department.

Ms. Yukimura: Alright, not Princeville but A&B, Water Department, Kukui'ula... I mean I do not know who your clients are on Kaua'i but if they appear before the Water Department than that is... just because you are servicing two (2) different interest. It does not mean that there is a malicious intent or anything like that. Conflict of interest is about having to serve two (2) different interest that may... so that you cannot fully serve the interest of the Water Department and it is not a fault thing, it is just the circumstances that you have

these businesses relationships that you need to keep intact and good... do you know what I mean?

Mr. Strom: I think with the signs of our company I could... and not necessarily be involved in all of those just to be safe... in other words, if there is a developer on Kaua'i that comes and wants our support or wants to work...

Ms. Yukimura: Or you might get a potential contractor for you.

Mr. Strom: Contracts are not everything, please do not... business is important to us but at the end of the day I have to come home and face my neighbors, I have to be able to walk through the shopping centers and feel comfortable about decisions that we make because we live here. I see where you are going and I see the potentials but at the end of the day we have to make the decisions which are right for the community.

Ms. Yukimura: Yes, but you are Senior Vice President of Aqua, you cannot do anything that is going to damage Aqua either just in terms of your responsibility.

Mr. Strom: Ninety-five percent (95%) of my work is off this island in servicing the U.S. Army facilities and utilities that we own and operate on O'ahu.

Ms. Yukimura: So, ninety-five percent (95%) of Aqua's work is off island?

Mr. Strom: I would say a good portion... maybe eighty (80) at this point is off island with the exception of the current contracts that we are doing with water and wastewater in private systems, non-County systems, we all purchase water, we all pay our water bill, that is a conflict in itself, we all get upset when we look at how it is increasing while we are using the same amount or cutting down. Again, we go back to what is the right decision? Does it mean that someone with experience or potential solutions should be dismissed just because of a potential conflict that is your decision but I am saying that is the reason why I went to the Ethics Commission and the reason why we had these discussions.

Ms. Yukimura: When you went to the Ethics Commission did you disclose the variety of contracts that you have?

Mr. Strom: Yes.

Ms. Yukimura: So, you did tell them about your contract with Grove Farm?

Mr. Strom: Yes. On the Commission, you had Mark who is very familiar with our company. He worked directly for Grove Farm for many, many years. He also serves as an advisor. So, yes I did share. It is better to be straight up front and get their opinion and I appreciated their opinion. I appreciate where you are coming from and all valid points but if you are going to look at potential conflicts and maybe that is a tough call, you have to be able to trust that if I am on the board that anything with a direct conflict that I will recuse or my fellow

board members would ask me. That is part of teamwork that is part of being able to make some decisions for this community. We have to rely on others, we rely on the Council to make the right decisions for us moving forward, we do not necessarily all agree and it is tough decisions that you here have to make and I do not envy your position, I have seen it on television.

Ms. Yukimura:

Alright, thank you very much.

Ms. Nakamura: Before I begin I just want to disclose several years ago, I think it was five (5) or six (6) years ago that I did some strategic planning work with Aqua Engineers as a Planning Consultant and I currently have no contract and it has been a while since we had that engagement. I wanted to ask you, Hugh, and I do want to say that I appreciate the line of questioning from the Council because I think these are important questions that we bring out into the open and be transparent about what our thinking is and concerns are, so thank you. I wanted to ask you as Senior Vice President do you go before any County Board or Commission on behalf of any of your clients?

Mr. Strom:
Company that is it.

No. I serve as a Board Member for our

Ms. Nakamura: One of the roles of this Board is to appoint and I assume – fire the Director of the Water Department and I was just wondering how would you go about evaluating the work of the Director?

Mr. Strom:

The current Director or any Director?

Ms. Nakamura: Any Director. What kind of process would you use Hugh because this is not the Mayor's *kuleana*, it is not the Council's, it is the Commission. I think what we are trying to do is hold those Commissions with those responsibilities by the Charter, hold them to a higher level of... just make sure that you go into this knowing full well that it is your responsibility per Charter.

Mr. Strom: Performance base obviously, and being able to project our budget – those are key. Being able to retain key and valuable staff is also a reflection on the Manager. Being able to stay within budget and control those budgets that are allowed to that Manager to control. Those are all key points.

Ms. Nakamura: What kind of performance outcomes would you be specifically looking at?

Mr. Strom: I think the three (3) – financial, planning, and the staff. I think those are key that the Manager has the ability to hire and retain the staff. If you do not retain a valuable person and staff that is a reflection of the overall company or a department.

Ms. Nakamura: As part of being a part of this Water Board, you would need to submit an ethics disclosure that list the clients that your company has, would you be willing to provide that list to this Council?

Mr. Strom:

The list of?

Ms. Nakamura:

Of the clients that Aqua has on Kaua'i?

Mr. Strom: Sure, not an issue.

Ms. Nakamura: Thank you very much.

Mr. Strom: Thank you.

Chair Furfaro: I am going to say that Aqua's role in the State of Hawai'i is one, as you said, about eighty percent (80%) of your business is in other parts of the State but Aqua is also... kind of a double edged sword here, you are probably the authority in the State when it comes to water systems, waste water and so forth. It is important for me to understand that you are prepared to recuse yourself, I am hearing if those conflicts show up.

Mr. Strom: Yes.

Chair Furfaro: Because the flipside of that is an organization with the kind of engineers you have and so forth are really great contributors to us ending up with the best possible product in our Water Department which as Vice Chair mentioned, your semi-autonomous from the County. Your reviews and oversight of the Water Department Manager and those engineers are key, so I appreciate my colleagues asking those kinds of questions because Aqua truly is an authority in the State when it comes to designing and you said you spend a lot of your time with Wahiawa for the Federal Government?

Mr. Strom: Correct. I currently oversee the Army contracts.

Chair Furfaro: So your answers help me very much and I have always had a very professional relationship with you. I just want to say thank you very much. I wanted to point out my rationale behind my colleagues questions. It is somewhat of a double edged sword but we are delighted we have a company like yours here on Kaua'i especially employee owned company. It is very good that you have stepped forward and allowed us to have this discussion. I would think that this is a perfect example and I see Paula is in the audience that the Council should take some time with Boards & Commissions to perhaps reevaluate the applications where you can expand on them a little bit more as to things dealing with candidates educational history can be expanded on, some of their extracurricular activities, and contracts that they may have within the State. Those are things that perhaps we can revisit Paula on expanding the application. I would like to participate in that. Hugh as I said with Althea, we are not voting on this until next week's agenda so our Office will be in touch with you when we do that vote. Again, I want to thank you very much for stepping forward.

Mr. Strom: I appreciate and appreciate all the questions and your consideration.

Ms. Yukimura: Chair? Could we get that list of clients as soon as possible?

Mr. Strom: Sure.

Ms. Yukimura: Thank you.

Chair Furfaro: Kaua'i clients.

Ms. Yukimura: Right.

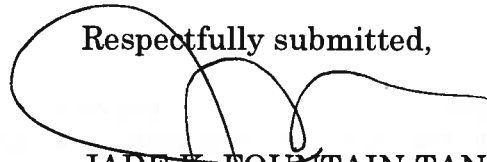
Mr. Strom: Certainly.

Chair Furfaro: On that note, I would like to take a five (5) minute break. When we come back, we will turn this over to our Committee Meetings.

ADJOURNMENT.

There being no further business, the meeting was adjourned.

Respectfully submitted,

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

JADE K. FOUNTAIN-TANIGAWA
Deputy County Clerk

:dmc